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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

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PO Box 145801
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801-538-5340
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February 7, 2002

Rick Olsen, General Manager
Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, Utah 84542

Re: Permit Renewal, Canyon Fuel Company, LLC, Soldier Canyon Mine, C/007/018-RN01,
Outgoing File

Dear Mr. Olsen: *Rich*

The permit renewal for the Soldier Canyon Mine is approved, effective February 3, 2002. Enclosed is the State Decision Document for this Permit Renewal, which includes two (2) copies of the renewed permanent program permit for the Soldier Canyon Mine. Please read the permit to be sure you understand the requirements of the permit, then have both copies signed by the appropriate Canyon Fuel Company officer and return one to the Division.

If you have any questions, please call me.

Sincerely,

Lowell
Lowell Braxton
Director

sm

Enclosures

cc: Jim Fulton, OSM-WRCC
Chris Hansen, Canyon Fuel
Price Field Office

O:\007018.SOL\FINAL\permits\DD_RN01.doc

UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT

For
PERMIT RENEWAL

Canyon Fuel Company, LLC
Soldier Canyon Mine
C/007/018
Carbon County, Utah

February 3, 2002

CONTENTS

- * Administrative Overview
- * Location Map
- * Permitting Chronology
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ADMINISTRATIVE OVERVIEW

Canyon Fuel Company, LLC
Five-Year Permit Renewal
Soldier Canyon Mine
C/007/018

February 3, 2002

PROPOSAL

Canyon Fuel Company, LLC made application to the Division of Oil Gas and Mining for a five-year permit Renewal for the Soldier Canyon Mine on November 15, 2001.

BACKGROUND

The Mining and Reclamation Plan (MRP) for the Soldier Canyon Mine (Soldier Creek Coal Company [SCCC]—permittee) was originally approved by the Division of Oil, Gas and Mining (DOGM) and the Office of Surface Mining Reclamation and Enforcement (OSMRE) on June 10, 1985. The approved permit area consisted of two federal coal leases, SL-051279-063188 and U-50722, encompassing 2,143.81 acres. The Bureau of Land Management (BLM) administered 590 of those acres and the remainder were privately owned.

In June of 1986, SCCC was sold to the Sun Company. A new MRP was submitted which incorporated two new state coal leases (ML-21994 and ML-22675) and portions of two other state leases (ML-42648 and ML-42649), held by affiliates of Sun Company, into the permit area. The new MRP was approved by DOGM on February 3, 1987, bringing the permitted area to a total of 4,347.99 acres. Due to the extensive additions to the permit area and submittal of a complete new MRP, a new five-year permanent program was issued with that approval.

SCCC acquired state lease ML-44365 on April 3, 1989 and requested that it be added to the permit area on April 17, 1989. The lease encompassed 557.20 acres. A revised mining permit incorporating lease ML-44365 was issued on August 8, 1989. This brought the total permit acreage to 4905.19 acres.

A topsoil/substitute topsoil storage site, consisting of an additional 4.5 acres was added to the permit area on May 28, 1991, bringing the total permit acreage to 4909.69 acres.

In order to accommodate an increase in production and additional expansion at the mine site, SCCC required more space. A surface expansion was approved in June 1991. The applicant proposed to increase intake capacity for the ventilation network and update the coal

handling and transportation facilities at the mine. The total increase area of surface disturbance for the site was 5.6 acres and increased the disturbed area from 32.2. to 37.8 acres. The stretch of county road going through this area was also relocated.

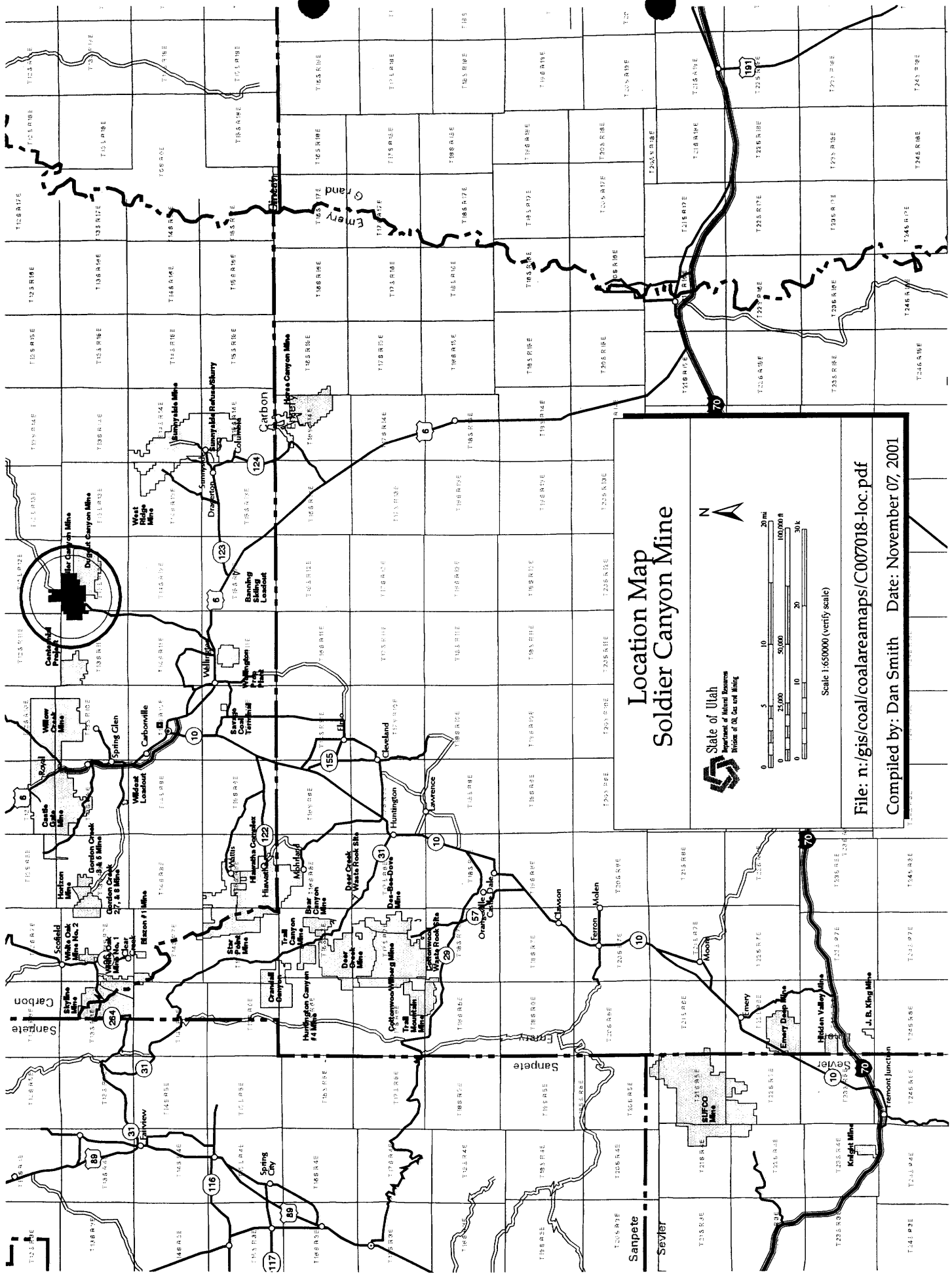
On May 14, 1996 an incidental boundary change was approved to allow mining in the Alkali Lease (UTU-69635). This consisted of only 276 acres of the lease and was done to allow SCCC to continue mining while the application for the entire lease was being processed. The application for the entire Alkali Lease was submitted on May 31, 1996.

However, SCCC encountered burn in the incidental boundary change and quickly needed to alter their mining sequence. Therefore, a second incidental boundary change was submitted on October 3, 1996 for 186 acres and was approved on November 5, 1996 by the Division and received mining plan approval on December 19, 1996. The significant revision to mine the entire Alkali Lease Tract was eventually approved on June 20, 1997 and the mining plan approval was signed on August 20, 1997.


On December 20, 1996, the permit was transferred from Soldier Creek Coal Company to Canyon Fuel Company, LLC. This mine has been in temporary cessation since March 25, 1999.

RECOMMENDATION

The application for a successive permit renewal has met the requirements for approval. The permit renewal was advertised in the Sun Advocate on January 1, 3, 8, 10, 15, 17, 22 and 24, 2002. The comment period will end on February 24, 2002. The permit has been conditioned to require that if any comments are received, they will be processed according to the requirements of R645-300-122. This permit renewal should be approved with two conditions – (1) the public comment period for this permit renewal will end on February 24, 2002. If any comments are received, they will be handled according to the requirements of R645-300-122 and the renewal will proceed as required by those rules, and (2) Canyon Fuel Company, LLC must submit water quality data for the Soldier Canyon Mine in an electronic format through the Electronic Data Input web site, <http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi..>



Location Map Soldier Canyon Mine



State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining

20 mi
10
5
0

25,000
50,000
100,000 ft
0 10 20 30 K

Scale 1:650,000 (verify scale)

File: <n:/gis/coal/coalarcmaps/C007018-loc.pdf>

Compiled by: Dan Smith Date: November 07, 2001

PERMITTING CHRONOLOGY

Canyon Fuel Company, LLC
Five-Year Permit Renewal
Soldier Canyon Mine
C/007/018
Carbon County, Utah

February 3, 2002

November 15, 2001	CCF, LLC (SCCC) submitted the application for permit renewal.
December 19, 2001	Permit renewal application determined administratively complete.
December 19, 2001	Letter from Division to federal and state agencies to notify them about the permit renewal for Soldier Canyon Mine.
January 1, 3, 8, 10, 15, 17, 22, and 24, 2002	Publication notices in the <u>Sun Advocate</u> .
February 3, 2002	Permit renewed with two conditions: (1) the public comment period for this permit renewal will end on February 24, 2002. If any comments are received, they will be handled according to the requirements of R645-300-122 and the renewal will proceed as required by those rules, and (2) Canyon Fuel Company, LLC must submit water quality data for the Soldier Canyon Mine in an electronic format through the Electronic Data Input web site, http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi .

PERMIT RENEWAL FINDINGS

Canyon Fuel Company, LLC

Five-Year Permit Renewal

Soldier Canyon Mine

C/007/018

Carbon County, Utah

February 3, 2002

1. Application for a permit renewal was made on November 15, 2001 (R645-303.233.100). Due to the shortened application period the permit will be conditioned such that, if any comments are received through February 24, 2002, they will be handled according to the requirement of R645-300-122 and the renewal will proceed as required by there rules.
2. The terms and conditions of the existing permit are being satisfactorily met (R645-303-233.110).
3. The present underground coal mining activities are in compliance with the environmental protection standards of the Act and the Utah State Program (R645-303-233.120).
4. The requested renewal will not substantially jeopardize the operator's continuing ability to comply with the Act and the Utah State Program (R645-303-233.130).
5. The permittee has provided evidence of having liability insurance (Federal Insurance Company #3711-00-11 (R645-303-233.140).
6. The permittee has posted a reclamation surety in the required amount and has provided evidence that the surety will remain in full effect for the permit period. (St. Paul Fire and Marine Insurance Company #400SA1918 in the amount of \$3,238,000) (R645-303-233.150).
7. For the most recent permit term, permit changes have been incorporated into the permit.


Permit Supervisor


Permit Supervisor


Associate Director of Mining


Director

FEDERAL

PERMIT
C/007/018

February 3, 2002

**STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801
(801) 538-5340**

This permit, C/007/018, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

**Canyon Fuel Company, LLC
6955 Union Park Center, Suite 540
Salt Lake City, Utah 84047
(801) 596-7111**

for the Soldier Canyon Mine. Canyon Fuel Company, LLC is the lessee of federal, state and fee-owned property. A performance bond is filed with the DOGM in the amount of \$3,238,000.00, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). DOGM must receive a copy of this permit signed and dated by the permittee.

Sec. 1: STATUTES AND REGULATIONS - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.

Sec. 2: PERMIT AREA - The permittee is authorized to conduct coal mining and reclamation operations on following described lands within the permit area at the Soldier Canyon Mine situated in the state of Utah, Carbon County, and located:

Township 13 South, Range 12 East, SLBM

Section 4: All;
Section 5: All;
Section 6: All;
Section 7: All;
Section 8: All;
Section 9: NW1/4;
Section 17: NW1/4;
Section 18: N1/2N1/2, SE1/4NE1/4, S1/2NW1/4, portions of NE1/4SW1/4NE1/4 and NW1/4SW1/4NE1/4; and
Section 19: Portions of SW1/4SW1/4.

Township 13 South, Range 11 East, SLBM

Section 1: All;
Section 2: All;
Section 3: SW1/4, W1/2SE1/4;
Section 10: N1/2, E1/2SE1/4, NW1/4SE1/4, NW1/4SW1/4;
Section 11: All;
Section 12: All;
Section 13: N1/2NE1/4, W1/2, NE1/4SE1/4, SE1/4NE1/4;
Section 14: N1/2, N1/2S1/2, SE1/4SE1/4;
Section 15: NE1/4NE1/4;
Section 23: N1/2NE1/4NE1/4;
Section 24: N1/2N1/2NW1/4, portions of SE1/4SE1/4SE1/4; and
Section 25: Portions of N1/2NW1/4SE1/4 and S1/2SW1/4NE1/4.

This legal description is for the permit area of the Soldier Canyon Mine. The permittee is authorized to conduct coal mining and reclamation operations on the foregoing described property subject to the conditions of the leases, including all conditions and all other applicable conditions, laws and regulations.

- Sec. 3: COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.
- Sec. 4: PERMIT TERM** - This permit becomes effective on February 3, 2002 and expires on February 3, 2007.
- Sec. 5: ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and R645-303.
- Sec. 6: RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:
- A. Have the rights of entry provided for in 30 CFR 840.12, R645-400-110, 30 CFR 842.13 and R645-400-220; and,

- B. be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.

Sec. 7: SCOPE OF OPERATIONS - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.

Sec. 8: ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:

- A. Any accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;
- B. Immediate implementation of measures necessary to comply; and
- C. Warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

Sec. 9: DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

Sec.10: CONDUCT OF OPERATIONS - The permittee shall conduct its operations:

- A. in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
- B. utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

Sec.11: EXISTING STRUCTURES - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

- Sec.12: RECLAMATION FEE PAYMENT** - The operator shall pay all reclamation fees required by 30 CFR part 870 for coal produced under the permit, for sale, transfer or use.
- Sec.13: AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec.14: COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.
- Sec.15: PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec.16: CULTURAL RESOURCES** - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.
- Sec.17: APPEALS** - The permittee shall have the right to appeal as provided for under R645-300.
- Sec.18: SPECIAL CONDITIONS** - In addition to the general obligations and/or requirements set out in the leases and this permit, the permittee shall comply with the special conditions appended hereto as Attachment A.

The above conditions (Secs. 1-18) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease.

The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: Lowell P Bracht

Date: 2/7/02

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

Authorized Representative of the Permittee

Date: _____

ATTACHMENT A

SPECIAL CONDITIONS

- CONDITION (1) The public comment period for this permit renewal will end on February 24, 2002. If any comments are received, they will be handled according to the requirements of R645-300-122 and the renewal will proceed as required by those rules.
- CONDITION (2) Canyon Fuel Company, LLC must submit water quality data for the Soldier Canyon Mine in an electronic format through the Electronic Data Input web site, <http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi>.



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Salt Lake City, Utah 84114-5801


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February 1, 2002

TO: Compliance File

FROM: Pamela Grubaugh-Littig, Permit Supervisor 

RE: 510 (c) Recommendation for Canyon Fuel Company, LLC, Soldier Canyon Mine,
C/007/018

As of this writing of this memo, there are no NOVs or COs which are not corrected or in the process of being corrected for the Soldier Canyon Mine. There are no finalized civil penalties, which are outstanding and overdue in the name of Canyon Fuel Company, LLC. Canyon Fuel Company, LLC does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

Attached is an OSM recommendation from the Applicant Violator System with a determination that there are no violations associated with Canyon Fuel Company, LLC for the Soldier Canyon Mine.

sm

Attachment

O:\007018.SOL\COMPLIANCE\AVS_020102.DOC

State : UT	OPR 142816(CANYON FUEL CO LLC)
Permit No : ACT007018	
Appl No : ACT007018	
Seqno : 2	
Applicant : 142816(CANYON FUEL CO LLC)	

The AVS office provided a quality check on this application 01/25/2002

There were no violations retrieved by the system .

EVRPT(F7) PERMIT/APPL(F8) REPORTS(F11)
 PRV_SCR(F3) VIOL(F4) EVOFT(F5) VOFT(F6) CHOICES(F10)